

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
APRIL 22, 2004

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 30 South Meridian Street, Suite 300, Indianapolis, Indiana. Present from the Department were Charles W. Phillips, Director; James M. Cooper, Deputy Director, Depository Division and Acting Secretary; Randall L. Rowe, Bank Supervisor; Chuck T. Stumpf, Deputy Director, Administration Division; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Union Division; Mark Tarpey, Division Supervisor, Consumer Credit Division, John Schroeder, Supervisor, Administration Division. Representing Family Horizons Credit Union were: Keith Wright, CEO and Ms. Serena Burgin, Vice President. Representing Teachers Credit Union were: Ms. Val Miller, Vice President/General Counsel; Jeff Geoffeney, Sr., Director of Service Center Operations and Kevin Toth, Para-legal. Representing CUNA Mutual Group was Tom Keepers, Assistant Vice President. Also attending was Michael R. Brown, Vice President of Executive Media.

I. EXECUTIVE SESSION:

Randall Rowe opened the session that was authorized by IC 5-14-1.5-6.1 (b)(7) for purposes of discussing the report of examination of CIB Bank, Indianapolis, Marion County, Indiana, which is confidential as provided in IC 28-1-2-30.

II. PUBLIC SESSION:

- A.) Charles W. Phillips, Director, introduced the new Board Member, Mr. Joe Pierce. Mr. Pierce is President and CEO of the Farmers State Bank, LaGrange, LaGrange County, Indiana. Mr. Pierce was sworn in prior to the meeting.
- B.) In Attendance: David A. Bochnowski, Chairman; Loretta Burd, Vice Chairman; Tony Zaleski, Michael Davis and Joe Pierce. Mr. Baer and Ms. Polichene were absent.
- C.) Date of next meeting: May 13, 2004 @ 9:00 a.m. at the office of The Department of Financial Institutions, 30 South Meridian Street, Suite 300, Indianapolis, Indiana.
- D.) A motion was made for approval of the minutes of the meeting held February 12, 2004, by Mrs. Burd and was seconded by Mr. Zaleski. The minutes were unanimously approved.
- E.) No action was taken pursuant to the executive session, as the information was advisory only.

F.) DIVISION OF BANK AND TRUST COMPANIES

1. MainSource Financial Group, Inc., Greensburg, Decatur County, Indiana

Ms. Gina Williams, Senior Bank Analyst, presented the application. Ms. Williams informed the Members that MainSource Financial Group, Inc., Greensburg, Indiana ("MainSource Financial") filed an application to acquire 100% of Peoples Financial Corporation, Linton, Indiana ("Peoples Financial"), and thereby acquire its subsidiary bank, Peoples Trust

Company, Linton, Indiana ("Peoples Trust").

MainSource Financial and Peoples Financial entered into a Plan of Reorganization and Merger dated December 16, 2003, and amended March 10, 2004. MainSource Financial will survive the merger and Peoples Trust will continue to exist as a separate entity. MainSource Financial is a multi bank holding company that owns three banks that are headquartered in

Greensburg, New Albany, and Bargersville, Indiana and Watseka, Illinois. The acquisition consists of an exchange of either an amount equal to \$67.62 or 2.45 shares of MainSource Financial common stock for each share of Peoples Financial common stock owned. A Peoples Financial shareholder may elect to receive all shares of MainSource common stock, all cash, or a combination of both, subject to certain limitations as set out in the agreement.

Peoples Financial has 188,178 shares of common stock outstanding. The total aggregate purchase price will be \$14,984,000 using a market value of \$35.14 per share for MainSource common stock as of April 13, 2004. This represents \$79.63 per share for Peoples Financial common stock. The book value of Peoples Financial stock as of September 30, 2003 is \$61.78. Peoples Financial shareholders will receive a purchase price premium of \$17.85 or 1.29x book value based on the \$35.14 market value for MainSource Financial common stock.

The pro forma combined financial statements of MainSource Financial of September 30, 2003, reflect total assets of \$1.5 billion, total equity of \$111 million and a Tier 1 leverage capital ratio of 5.64%. Ms. Williams informed the Members that MainSource does not intend to borrow any money for this acquisition. It will use working capital and dividends paid from existing subsidiaries to fund the cash portion of the transaction.

After the acquisition, Gary Hilderbrand, Chairman of the Board of Peoples Trust, will retire and Larry Carr, the current President, will assume the positions of President, CEO, and Chairman of the Board. Carol Barnhart, Mr. Hilderbrand's sister, as well as his mother, Betty Hilderbrand, will also retire from the board. President and CEO of MainSource Financial Jim Saner and Senior Vice President and CFO of MainSource Financial Don Benziger will become directors.

Ms. Williams informed the Members all of MainSource Financials subsidiary banks and Peoples Trust Company received Satisfactory CRA ratings at their most recent examinations for compliance with the Community Reinvestment Act.

Both MainSource Financial and Peoples Financial received satisfactory BOPEC ratings at their most recent holding company inspections.

No negative comments were received by the Department that would adversely affect MainSource Financial, Peoples Financial or the communities they serve.

The Federal Reserve Bank of Chicago approved this application on February 26, 2004.

Ms. Williams informed the Members it is opinion of the staff that the applicant has satisfactorily met the requirements of IC 28-2-14 and therefore recommends approval of the acquisition of Peoples Financial by MainSource Financial.

After a brief discussion, a motion for approval of the application was made by Mr. Davis and seconded by Mr. Pierce. The application was unanimously approved.

G.) CREDIT UNION DIVISION

1. Family Horizons Credit Union, Indianapolis, Marion County, Indiana

Family Horizons Credit Union applied to the Members for permission to expand its field of membership to include persons who reside or work in the Indiana County of Hancock. Mr. Powell explained that the requested community fits within the statutory definition of a community. Further, Mr. Powell stated that Family Horizons Credit Union had a 10.76% capital ratio and was projecting capital to be 10.24% at the end of the pro-forma period. Mr. Powell went on to explain that Family Horizons Credit Union anticipates providing their services at either existing facilities or by the various electronic banking programs that already exist. Mr. Powell did point out that the Credit Union has included in their projections the expense of building a branch location in Hancock County with as many as six full time employees being added. Further, Mr. Powell pointed out that Family Horizons Credit Union was reflecting steady increases in net income during the pro-forma period.

Mr. Phillips asked Mr. Wright to give a brief history of the change from a U. S. Naval facility to a privately owned facility. Mr. Wright explained that while the process was arduous it had little or no effect upon the Credit Union due to two major factors. First the employees of the Naval facility made up approximately 10% of the total membership of the Credit Union, secondly the people employed at the facility were highly skilled and were either retained by the private employer or found employment at another business without too much trouble.

Mr. Bochnowski inquired as to how the Credit Union produced their loan growth projections. Ms. Bergin replied that the projection was a blend of the Credit Unions' own experience and the averages of all credit unions located in Indiana. Ms. Bergin then added that the projection included an assumption that the Credit Union would conservatively add fifty new members per month. Mr. Bochnowski stated that Ms. Bergin had confirmed what he had been thinking, in that the projections were based on conservative assumptions.

After a brief discussion, a motion for approval of Family Horizon Credit Union to expand its field of membership was made by Mrs. Burd and seconded by Mr. Zaleski. The motion was unanimously approved.

H.) CONSUMER CREDIT DIVISION:

1. Mark Tarpey, Supervisor, Consumer Credit Division, introduced Val Miller, Vice-President /General Counsel for Teachers Credit Union (TCU) and Mr. Tom Keepers, Assistant Vice-

President for CUNA Mutual Group.

TCU and CUNA are seeking joint approval of the proposed fees offered in conjunction with a debt cancellation program on direct consumer loans. If approved, the CUNA program could then be marketed to other credit unions in Indiana under the same terms and conditions. Approval is provided for under IC 24-4.5-3-202(1)(e) in that the charge is reasonable in relation to the benefits provided to the debtor. The authorization is to exclude the debt cancellation charge from the finance charge as a permitted additional charge on direct consumer loans.

Staff has determined that a Credit Union can offer debt cancellation as a power incidental and proper to their business as provided under IC 28-7-1-9.

Mr. Keepers explained that CUNA would be the third party administrator of the debt cancellation program for TCU. A contractual liability policy covering 100% of the risk will be issued by CUMIS Insurance Society, Inc.

Ms. Val Miller explained that TCU planned to replace their existing credit insurance coverage for life, disability and unemployment insurance with the debt cancellation program. The charges for the debt cancellation program will vary depending on which of seven (7) different options are chosen by the debtor. The cost to the debtor ranges from 0.90 cents per \$1000 for life coverage only to \$4.90 per \$1000 for life, disability, and involuntary unemployment. The packages are provided using a blended rate in which single and joint borrowers pay the same rate. In response to a question from Director Phillips, Ms. Miller advised that current penetration rates for credit insurance is in the area of 14% and that they hoped to increase penetration to 20% with the new debt cancellation products.

After further general discussion of the program, Mr. Davis and Mr. Bochnowski asked about this program being approved subject to the same terms and conditions that have been approved for the two prior approved debt cancellation programs. These programs were approved as month to month compared to lump sum type programs. They were also approved subject to review in 24 months as required by the Department. **Mr. Davis made a motion that was seconded by Mr. Pierce recommending approval subject to these conditions. The motion was approved unanimously.**

2. Supervisor Mark Tarpey advised the members of a follow up approval request by the Members of a DFI policy concerning Debt Cancellation Contracts (DCC) and Debt Suspension Agreements (DSA) for Credit Unions. The Members had previously adopted a policy on this issue for banks and savings associations in August of 2003. This policy is established to ensure that Credit Unions organized in Indiana provide DSA and DCC in a manner consistent with safe and sound Credit Union practices and subject to appropriate consumer protections. The policy includes a reference to National Credit Union Administration (NCUA) letter No. 03-CU-09 dated May of 2003. This DFI policy will be posted at the DFI website. **A motion was made for approval by Loretta Burd and**

seconded by Mike Davis. The motion was approved unanimously.

I.) DIRECTOR'S COMMENTS :

- 1.** Deputy Director Chuck Stumpf presented to the Members for approval the fee schedules for 2005. The proposal included revising fee schedules for the Bank and Credit Union Divisions but maintaining the same fee schedules for the Non-Depository Division.

The primary goal of the proposal was to adequately fund the Department's ongoing operational expenses and to ensure that fees generated effectively cover the cost of the services provided. The increases were required due to the material loss in revenue caused by the loss of two state charters, one being a large banking organization. The Department has raised bank fees on an across-the-board basis only once in the past 18 years (3%-2003) Other fee increases during that time-period were minimal and targeted to specific brackets of the fee schedule. The proposed revisions to the specific fee schedules were as follows:

- A. A 15% across-the board increases in bank fees, which would generate an additional \$340,000.
- B. A restructuring of the Corporate Fiduciary fee schedule resulting in additional fees of approximately \$45,000.
- C. The creation of a 25% premium add-on fee for all banks and credit unions having a composite CAMEL rating of three, four or five. The premium of 25% will be applied, on a prorated basis, for the number of quarters in the previous fiscal year the institution had a composite three, four or five CAMELS rating. This premium will take effect July 1, 2004, and will be pro-rated on the next fiscal year fee assessment. The increase reflects the recovery of additional costs required to examine such an institution.
- D. The daily fee for processing an application will increase to \$400, which more accurately reflects the recovery of actual cost. This pertains to both Credit Union and Bank applications.

After a brief discussion, a motion for approval of the fee schedule for 2005 was made

by Mr. Pierce and seconded by Mr. Davis. The motion was unanimously approved.

2. Kentland Bank, Kentland, Newton County, Indiana

On February 3, 2004, the bank notified the Department of its intent to establish three qualifying subsidiaries pursuant to IC 28-13-16. The subsidiaries will be known as Kentland Investments, Inc. ("Op Sub 1"). Op Sub 1 will in turn establish a wholly owned subsidiary known as Kentland Holdings, Inc. ("Op Sub 2"). Op Sub 1 and Op Sub 2 will in turn establish and be the sole members of a limited liability company to be known as Kentland Portfolio, LLC ("LLC"). The LLC is being established to acquire, hold, sell, exchange and otherwise dispose of and collect the income from investment securities. **This item is for informational purposes only.**

3. **Bippus State Bank, Huntington, Huntington County, Indiana**

On March 3, 2004, the bank notified the Department of its intent to establish a qualifying subsidiary pursuant to IC 28-13-16. The subsidiary will be known as the BSB Insurance Services, LLC. The subsidiary will engage in the sale and/or brokerage of general lines of insurance. **This item is for informational purposes only.**

I.) **ACTIONS BY DELEGATED AUTHORITY:**

1. **CENTIER BANK, WHITING, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **221 E. Commercial Avenue, Lowell, Lake County, Indiana**. The application was received on February 9, 2004. The branch is to be known as **Centier Bank**. The bank intends to demolish the building currently on the property and construct a building of approximately 400 square feet. The branch will not have a lobby nor will any lending activity or opening of new accounts take place at the branch. This branch will only accept deposits, cash checks, etc. from three (3) drive-up lanes. The cost to purchase the property, demolish the building and construct the new building is projected at \$350,000. Furniture, fixtures, and equipment costs are projected at \$20,000. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.29%. As of September 30, 2003, the bank's ROA is 1.47% and its Tier 1 leverage capital ratio is 8.38%.

The investment in total fixed assets to total capital will be 11.81% after the establishment of the branch. This will be the institution's thirty-fourth branch. **The Director approved this on February 24, 2004, under delegated authority.**

2. **SALIN BANK & TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located at **324 East State Street, Fort Wayne, Allen County, Indiana**. The application was received on February 9, 2004. The branch will be known as **Fort Wayne Kroger-Spy Run Branch**. The branch will be located inside the existing Kroger store at the same location.

The bank will enter into a five-year lease that calls for five annual rent payments of \$10,000 and sixty monthly payments of \$1,200.00. Leasehold improvements are projected at \$50,000 and furniture, fixtures, and equipment costs are projected at \$75,000. No relationship exists between the parties involved in this transaction. The bank's three-year average ROA is 1.61%. As of September 30, 2003, the bank's ROA was 1.58% and its Tier 1 leverage capital ratio was 8.21%. The investment in total fixed assets to total capital will be 25.22% after the establishment of the branch. This will be the institution's thirty-third branch. **The Director approved this on February 24, 2004, under delegated authority.**

3. **MUTUAL SAVINGS BANK, FRANKLIN, JOHNSON COUNTY, INDIANA**

Mutual Savings Bank has applied to the Department for permission to amend Article IV of its Articles of Mutual Bank Conversion to increase the maximum number of votes a member

can cast from 50 to 1,000. The last sentence of Article IV will read as follows: "A person, except as proxy, shall not be entitled to cast more than 1,000 votes with respect to any matter

submitted to a vote of the members." The Articles are being amended in anticipation of the bank filing a plan of conversion whereby it will convert from a mutual savings bank to a stock savings bank. The effective date of the amendment will be date the amendment is filed with

the Secretary of State. **The Director approved this on February 24, 2004, under delegated authority.**

4. **REPUBLIC BANK & TRUST COMPANY OF INDIANA, CLARKSVILLE, CLARK COUNTY, INDIANA**

The bank has applied for approval to relocate its main office **from 610 Eastern Boulevard, Clarksville, Clark County, Indiana to 3141 Highway 62, Jeffersonville, Clark County, Indiana.** The application was received on March 16, 2004. The Jeffersonville location was originally approved as branch under delegated authority on July 25, 2003. At that time, the bank intended on owning the land where the branch was to be located. However, since approval, it has been decided that the bank's holding company, Republic Bancorp, Inc., Louisville, KY, would own the land and lease it to the bank and that the location would be the bank's main office. The initial terms of the land lease are for 15 years with three 5-year options to extend the lease. Lease payments for the first five years are \$3,500 per month. Comparables submitted by the bank substantiate the lease agreement with the holding company is comparable with nonaffiliated party lease agreements. The current main office will be closed when its lease expires. The bank has built a 4,400 square branch on approximately 2.8 acres of land. Cost to construct the building was \$900,000 and furniture, fixtures, and equipment costs are \$400,000. The investment in total fixed assets to total capital will be 27.20%. This bank is a de novo institution that opened its doors on May 1, 2001. Preliminary findings of an examination beginning March 8, 2004, noted no major concerns. The bank's Tier 1 leverage capital ratio as of December 31, 2003 is 15.55% and the ROA is 0.99%. **The Director approved this on April 14, 2004, under delegated authority.**

5. **THE FOUNTAIN TRUST COMPANY, COVINGTON, FOUNTAIN COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch office to be located

at 1700 East Main Street, Crawfordsville, Montgomery County, Indiana. The application was received on March 15, 2004. The branch is to be known as **The Fountain Trust Company.** The proposed branch is a 2,200 square foot existing branch banking facility. The bank purchased the land and building from National City Bank, Indianapolis, Indiana for \$315,000. It is estimated that there will be \$16,000 worth of leasehold improvements. Furniture, fixtures, and equipment costs are projected at \$265,000. No relationship exists between parties involved in this transaction. The bank's three-year average ROA is 1.11%. As of December 31, 2003, the bank's ROA is 0.94% and its Tier 1 leverage capital ratio is 18.37%. The investment in total fixed assets to total capital will be

9.18% after the establishment of the branch. This will be the institution's ninth branch. **The Director approved this on April 14, 2004, under delegated authority.**

6. TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Employees of Niles Township – Niles, MI – 94 members (common bond of occupation as defined by 28-7-1-10).

Martin's Super Markets – Niles, MI – 195 members (common bond of occupation as defined by 28-7-1-10).

Lakeland Regional Health Systems – Niles, MI – 3,000 members (common bond of occupation as defined by 28-7-1-10).

Vinayak & Hanuman Corporation – Plymouth – 2 members (common bond of occupation as defined by 28-7-1-10).

Employees of Brandywine Public School District – Niles, MI – 250 members (common bond of occupation as defined by 28-7-1-10).

Silver Brook Manor – Niles, MI – 120 members (common bond of occupation as defined by 28-7-1-10).

Michigan State Police (Post # 53) – Niles, MI – 30 members (common bond of occupation as defined by 28-7-1-10).

Employees of Silver Creek Township – Dowagiac, MI – 14 members (common bond of occupation as defined by 28-7-1-10).

Residential Services of Southwestern Michigan – Niles, MI – 130 members (common bond of occupation as defined by 28-7-1-10).

Bonner Appraisal – Niles, MI – 2 members (common bond of occupation as defined by 28-7-1-10).

Creditors Service Bureau of Niles, Inc. – Niles, MI – 10 members (common bond of occupation as defined by 28-7-1-10).

Eau Claire Public Schools – Eau Claire, MI – 100 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on February 24, 2004, under delegated authority.**

7. FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Bluegreen Corporation – Indianapolis – 107 members (common bond of occupation as defined by 28-7-1-10).

Sign Craft Industries – Indianapolis – 33 members (common bond of occupation as defined by 28-7-1-10).

Bernard Hodes Group – Indianapolis – 10 members (common bond of occupation as defined by 28-7-1-10).

TechnEngineering Services, Inc. – Indianapolis – 20 members (common bond of occupation as defined by 28-7-1-10).

Indiana Oral & Maxillofacial Surgery Associates – Indianapolis – 115 members (common bond of occupation as defined by 28-7-1-10).

Paragon Landscape – Harlan – 9 members (common bond of occupation as defined by 28-7-1-10) **The Director approved this on March 1, 2004, under delegated authority.**

8. TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Brentwood Assisted Living Community – Niles, MI – 40 members (common bond of occupation as defined by 28-7-1-10).

Life Action Ministries – Buchanan, MI – 71 members (common bond of occupation as defined by 28-7-1-10).

Gene Michael Productions, Inc. – Buchanan, MI – 8 members (common bond of occupation as defined by 28-7-1-10).

G. M. Construction – Edwardsburg, MI – 3 members (common bond of occupation as defined by 28-7-1-10).

Modineer Company – Niles, MI – 400 members (common bond of occupation as defined by 28-7-1-10).

Leader Publications – Niles, MI – 60 members (common bond of occupation as defined by 28-7-1-10).

St. Mary's School – Niles, MI – 18 members (common bond of occupation as defined by 28-7-1-10).

RTI Products, LLC – Niles, MI – 12 members (common bond of occupation as defined by 28-7-1-10) **The Director approved this on April 5, 2004, under delegated authority.**

9. FORUM CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

The credit union has filed a request for approval of a Petition for approval of a proposed Amendment to the Articles of Incorporation. Pursuant to IC 28-7-1-10 (which allows a credit union to add one or more qualified groups to its field of membership) this amendment would place the following organizations into the field of membership of the credit union:

Our Lady of Grace – Noblesville – 50 members (common bond of occupation as defined by 28-7-1-10). **The Director approved this on April 5, 2004, under delegated authority.**

10. American Home Mortgage Acceptance Inc. requested a consumer loan license. Applicant is based in Melville, New York. They will be making second mortgage loans. They will be servicing their loans. Loans will be closed by a title company. They currently operate in 12

states. American Home Mortgage Corporation d/b/a Mortgage Select Loan License 9153 has the same ownership. The staff's review finds that the financial responsibility, character and fitness of the applicant, and of the officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**

11. **Avantor Capital, LLC** requested a consumer loan license. Applicant is based in Bridgewater, New Jersey. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in four states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**
12. **Kenwood Associates, Inc.** requested a consumer loan license. Applicant is based in Calverton, MD. They will be making second mortgage home improvement loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in 19 states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**
13. **Sea Breeze Financial Services, Inc.** is requesting a consumer loan license. Applicant is based in Irvine, California. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by title companies/attorneys. They currently operate in seven states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**
14. **SGB Corporation d/b/a WestAmerica Mortgage Company** is requesting a consumer loan license. Applicant is based in Oakbrook Terrace, Illinois. They will be making second mortgage loans. They will not be servicing their loans. Loans will be closed by a title company. They currently operate in four states. The staff's review finds that the financial responsibility, character and fitness of the applicant and of the officers and directors of the applicant are such as to warrant belief that the business will be operated honestly and fairly within the purposes of IC 24-4.5 and as stipulated in IC 24-4.5-3-503(2). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**
15. **Indiana Auto Pawn Cars, LLC d/b/a USA Check Cashing** is requesting a check casher

license. Applicant is based in Indianapolis, Indiana. They will be cashing all types of checks. References were all satisfactory. Fee will be \$5 or 10% of the face amount of the check. Applicant was issued Indiana Pawnbroking License Number 9415 on December 19, 2003. The staff's investigation of the applicant finds that the financial responsibility, business experience, character, and general fitness of the applicant and members of the LLC exist for the operation of a check cashing business in the community wherein applicant proposes to operate as stipulated in IC 28-8-5-12(a). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**

16. **Payday Today, Inc.** is requesting a check casher license. Applicant is based in Merrillville, Indiana. They will be cashing all types of checks. References were all satisfactory. Fee will be 3% to 5%. Applicant holds Indiana Loan License Number 1737 issued June 30, 1998. The staff's investigation finds that the financial responsibility, business experience, character, and general fitness of the applicant and of the officers and directors of the applicant exist for the operation of a check cashing business in the community wherein applicant proposes to operate as stipulated in IC 28-8-5-12(a). Applicant is recommended for approval. **The Director approved this on March 2, 2004, under delegated authority.**

17. **Frost Financial Services, Inc.** is requesting approval as third party administrator for a Guaranteed Auto Protection (GAP) Program. Applicant is based in Maineville, Ohio. Maximum charge to customer is \$295. Customer deductible is covered up to \$1,000. There is a 60 day free look period. They currently operate in 13 states. There is a contractual liability policy issued by Great American Insurance Group. The initial creditor requesting approval is Heritage Bank. All future creditors/dealers will agree to abide by the same terms approved.

The staff's review finds that the charge would be of benefit to the consumer and is reasonable in relation to the benefits as provided for under IC 24-4.5-2-202(1)(c) /3-202(1)(e). Approval is subject to review at a future date as deemed necessary by the Department. It is recommended that the program be approved as submitted and subject to the above conditions. **The Director approved this on March 2, 2004, under delegated authority.**

CERTIFICATION:

The Department certifies that the business discussed in the Executive Session was limited only to business that was set out in the Department's Notice of Meeting and Agenda under the heading of "Executive Session." All action taken by the Department, if any, relating to the business discussed in the Executive Session was conducted in the Public Session.

APPROVED:

ATTEST:

David A. Bochnowski, Chairman

James M. Cooper, Acting Secretary